

AMENDED IN ASSEMBLY FEBRUARY 15, 2008

AMENDED IN ASSEMBLY FEBRUARY 7, 2008

CALIFORNIA LEGISLATURE—2007–08 THIRD EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 3

Introduced by Committee on Budget (Laird (Chair), Arambula, Beall, Berg, Brownley, De La Torre, Evans, Feuer, Hayashi, Hernandez, Jones, Krekorian, Mullin, Ruskin, Swanson, and Wolk)

February 4, 2008

~~An act relating to the Budget Act of 2007. An act to amend Item 3790-497 of, and to add Items 3790-002-6051 and 4260-497 to, Section 2.00 of the Budget Act of 2007 (Chapters 171 and 172 of the Statutes of 2007), and to add Sections 4.44 and 24.85 to, and to repeal Section 24.80 of, that act, relating to the support of state government, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 3, as amended, Committee on Budget. ~~Budget Act of 2007.~~ *Reductions in the Budget Act of 2007 relating to state government: fiscal emergency.*

The Budget Act of 2007 (Chapters 171 and 172 of the Statutes of 2007) makes appropriations for the support of state government during the 2007–08 fiscal year. The California Constitution provides that if, following the enactment of the annual Budget Bill, the Governor determines that General Fund Revenues will decline substantially below the estimate of General Fund revenues upon which the Budget Bill was based, or that General Fund expenditures will increase substantially

above that estimate of General Fund revenues, or both, the Governor may issue a proclamation declaring a fiscal emergency and thereupon cause the Legislature to assemble in special session for that purpose.

This bill would amend the Budget Act of 2007 by revising certain items of appropriation, through reversions and transfers, and by reductions of appropriations to various state agencies. The bill would state that it addresses a fiscal emergency declared by the Governor by proclamation on January 10, 2008, by which the Legislature was called in special session pursuant to the California Constitution.

This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would express the intent of the Legislature to make statutory changes relating to the Budget Act of 2007.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *The reversions and transfers added by this act*
 2 *are in addition to the appropriations made in Section 2.00 of the*
 3 *Budget Act of 2007 (Ch. 171, Stats. 2007 and Ch. 172, Stats. 2007)*
 4 *and are subject to the provisions of that act, as appropriate,*
 5 *including, as applicable, the provisions of that act that apply to*
 6 *the items of appropriation that are amended by this act. Unless*
 7 *otherwise specified, the references in this act to item numbers refer*
 8 *to items of appropriation in Section 2.00 of the Budget Act of 2007*
 9 *(Ch. 171, Stats. 2007 and Ch. 172, Stats. 2007).*

10 SEC. 2. *Item 3790-002-6051 is added to Section 2.00 of the*
 11 *Budget Act of 2007 to read:*

12
 13 3790-002-6051—*For support of Department of Parks and*
 14 *Recreation, payable from the Safe Drinking Water, Water*
 15 *Quality and Supply, Flood Control, River and Coastal*
 16 *Protection Fund of 2006..... 30,000,000*
 17 *Provisions:*
 18 1. *\$30,000,000 of the funds appropriated in this item*
 19 *shall be for the planning, design, and construction of*
 20 *deferred maintenance projects within the state park*
 21 *system and shall be available for encumbrance until*
 22 *June 30, 2012.*

(a) Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in this item for capital outlay projects not sooner than 30 days after written notification is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee. The written notification shall provide a description of each capital outlay project, the need for the project, and the cost and phase for which approval is requested. The total of these expenditures may not exceed \$30,000,000.

SEC. 3. Item 3790-497 of Section 2.00 of the Budget Act of 2007, as amended by Chapter 489, Statutes of 2007, is amended to read:

3790-497—Reversion, Department of Parks and Recreation. As of June 30, 2007, the balances provided in the following citations shall revert to the fund from which the appropriations were made:

0001—General Fund

(1) Item 3790-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(1) For support of the Department of Parks and Recreation..... 205,000,000

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-101-0005, Budget Act of 2001 (Ch.106, Stats. 2001)

(1) 80.25-Recreational Grants

(a) Local agencies operating park..... 835,000

(2) Item 3790-001-0005, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)..... 107,000

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) *Item 3790-001-6029, Budget Act of 2005*
(Chs. 38 and 39, Stats. 2005), as reap-
propriated by Item 3790-490, Budget
Act of 2006 (Chs. 47 and 48, Stats.
2006)..... 3,000,000

SEC. 4. *Item 4260-497 is added to Section 2.00 of the Budget Act of 2007, to read:*

4260-497—*Reversion, Department of Health Care Services.*
The sum of \$165,000,000 of the appropriation provided in
Schedule (3) 20.10.030 Benefits (Medical Care and Ser-
vices) of Item 4260-101-0001, Budget Act of 2007 (Chs.
171 and 172, Stats. 2007) shall revert to the General Fund.

SEC. 5. *Section 4.44 is added to the Budget Act, to read:*

SEC. 4.44. (a) *Notwithstanding any other provision of law, appropriations from the General Fund to the state entity as scheduled in subdivision (d), whether made in the Budget Act of 2007 or in other statutes, shall be reduced by the amounts as scheduled in subdivision (d). Any item of appropriation, and each schedule and provision within any item of appropriation, in the Budget Act of 2007 shall be adjusted to achieve the reduction to the aggregate General Fund appropriations made to each entity as ordered by the Director of Finance. Reductions to appropriations made in statutes other than the Budget Act of 2007 shall be allocated to achieve the reduction as scheduled in subdivision (d) as directed by the Director of Finance.*

(b) *To the extent made necessary by these reductions, appropriations from funds other than the General Fund to a state entity as scheduled in subdivision (d) may be adjusted to effectuate the provisions of this section.*

(c) *Nothing within this section shall be construed to confer any authority upon the Director of Finance to modify or eliminate any other provision of existing law.*

(d) *Appropriations from the General Fund for the state entities specified below shall be reduced by the amount specified. To the extent statutory changes are necessary to achieve these reductions, the reductions shall be effective only if necessary statutory changes are enacted.*

1		<i>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</i>	
2	0250	<i>Judicial Branch</i>	
3		<i>Delay of new Judgeships.....</i>	<i>21,960,000</i>
4	0650	<i>Office of Planning and Research</i>	
5		<i>State Planning & Policy Development.....</i>	<i>44,000</i>
6		<i>California Volunteers.....</i>	<i>375,000</i>
7	0690	<i>Office of Emergency Services</i>	
8		<i>Mutual Aid Response</i>	
9		<i>Fire and Rescue.....</i>	<i>100,000</i>
10		<i>Law Enforcement.....</i>	<i>100,000</i>
11		<i>Warning Center/Information Tech/</i>	
12		<i>Telecommunications.....</i>	<i>100,000</i>
13		<i>Administration and Program Support.....</i>	<i>26,000</i>
14		<i>Plans and Preparedness</i>	
15		<i>Plans and Preparedness.....</i>	<i>300,000</i>
16		<i>Training and Administration and Program</i>	
17		<i>Support.....</i>	<i>130,000</i>
18		<i>Disaster Assistance and Administration and</i>	
19		<i>Program Support.....</i>	<i>2,447,000</i>
20		<i>State Terrorism Threat Assessment Center</i>	<i>1,000,000</i>
21			
22		<i>STATE AND CONSUMER SERVICES</i>	
23	1760	<i>Department of General Services</i>	
24		<i>Emergency Repair Program and Capitol Mainte-</i>	
25		<i>nance & Repairs</i>	<i>1,179,000</i>
26			
27		<i>BUSINESS, TRANSPORTATION, AND HOUSING</i>	
28	2240	<i>Department of Housing and Community Development</i>	
29		<i>Codes and Standards Program</i>	
30		<i>State Housing Law</i>	<i>50,000</i>
31		<i>Financial Assistance Program</i>	
32		<i>Enterprise Zone Program</i>	<i>50,000</i>
33		<i>Housing Policy Development Program</i>	
34		<i>Housing Element, Issues & Reporting</i>	<i>100,000</i>
35			
36		<i>RESOURCES</i>	
37	0540	<i>Secretary for Resources</i>	
38		<i>CALFED Bay Delta Program</i>	<i>87,000</i>
39	3600	<i>Department of Fish and Game</i>	
40		<i>Biodiversity program</i>	<i>1,400,000</i>

1		<i>Hunting Fishing and Public Use</i>	<i>165,000</i>
2		<i>Administration and Program Support</i>	<i>152,000</i>
3	3790	<i>Department of Parks and Recreation</i>	
4		<i>State Park System</i>	<i>1,000,000</i>
5	3860	<i>Department of Water Resources</i>	
6		<i>Flood Management.....</i>	<i>200,000</i>
7			
8		<i>ENVIRONMENTAL PROTECTION</i>	
9	0555	<i>Secretary for Environmental Protection</i>	
10		<i>Administrative Support</i>	
11		<i>Children's Health Center</i>	<i>100,000</i>
12	3900	<i>Air Resources Board</i>	
13		<i>Stationary Source Program: Research</i>	<i>100,000</i>
14	3960	<i>Department of Toxic Substance Control</i>	
15		<i>Site Mitigation and Brownfields:</i>	
16		<i>Illegal Drug Lab Removal</i>	<i>1,170,000</i>
17		<i>Emergency Response</i>	<i>80,000</i>
18		<i>Distributed Administration</i>	<i>50,000</i>
19	3980	<i>Office of Environmental Health Hazard Assessment</i>	
20		<i>Health Risk Assessment.....</i>	<i>100,000</i>
21			
22		<i>HEALTH AND HUMAN SERVICES</i>	
23	4200	<i>Department of Alcohol and Drug Programs</i>	
24		<i>Alcohol and Other Drug Services Program</i>	
25		<i>Drug Medi-Cal</i>	<i>100,000</i>
26		<i>California Methamphetamine Initiative</i>	<i>360,000</i>
27	4300	<i>Department of Developmental Services</i>	
28		<i>Community Services</i>	
29		<i>Reduce Community Placement Plan Opera-</i>	
30		<i>tions by 10%</i>	<i>660,000</i>
31		<i>Reduce Regional Center Operations for</i>	
32		<i>HIPAA Implementation by 10%</i>	<i>23,000</i>
33		<i>Developmental Centers</i>	
34		<i>Reduce Clients' Rights Advocacy and Volun-</i>	
35		<i>teer Advocacy Services Agreements by 10%</i>	
36		<i>.....</i>	<i>39,000</i>
37		<i>Reduce ICF-DD Quality Assurance Fees by</i>	
38		<i>10%</i>	<i>755,000</i>
39		<i>Reduce the Porterville DC Office of Protec-</i>	
40		<i>tive Services Peace Officer I's by 10%.....</i>	<i>181,000</i>

1		<i>State Operations</i>	
2		<i>Reduce Regional Center Fiscal Audits Pro-</i>	
3		<i>gram by 11.8%</i>	23,000
4		<i>Reduce Vendor Fiscal Audits Program</i>	96,000
5	4440	<i>Department of Mental Health</i>	
6		<i>Community Services</i>	
7		<i>EPSDT - Eliminate Home Health Market</i>	
8		<i>Basket COLA</i>	1,878,000
9		<i>EPSDT - Reduce cost per client</i>	1,768,000
10		<i>Reduce the contract for the Cathie Wright</i>	
11		<i>Technical Assistance Center</i>	10,000
12		<i>Caregiver Resource Ctr.</i>	400,000
13		<i>State Hospitals</i>	
14		<i>SVP caseload savings</i>	12,600,000
15		<i>Administration</i>	
16		<i>Administrative Services</i>	422,000
17		<i>Information Technology</i>	300,000
18	5175	<i>Department of Child Support Services</i>	
19		<i>State Operations</i>	
20		<i>Operational Expenses and Equipment.....</i>	200,000
21	5180	<i>Department of Social Services</i>	
22		<i>Stop the Pay for Performance Incentive</i>	
23		<i>funding.....</i>	40,000,000
24		<i>SSI/SSP Total</i>	
25		<i>Delay of the June 2008 COLA</i>	23,253,000
26		<i>Child Welfare Services/Case Management</i>	
27		<i>System Savings</i>	3,000,000
28		<i>Automation Projects Total</i>	
29		<i>Delay ISAWS Migration Project</i>	3,500,000
30		<i>Reduce Departmental Operational Expenses</i>	
31		<i>and Equipment</i>	70,000
32			
33		<i>CORRECTIONS AND REHABILITATION</i>	
34	5225	<i>Department of Corrections and Rehabilitation</i>	
35		<i>One-time savings due to program delay</i>	40,000,000
36			
37		<i>EDUCATION</i>	
38	6440	<i>University of California</i>	
39		<i>Institutional Support - UC Berkeley Welfare Pol-</i>	
40		<i>icy Research Project</i>	1,450,000

1			
2		<i>LABOR AND WORKFORCE DEVELOPMENT</i>	
3	7300	<i>Agricultural Labor Relations Board</i>	
4		<i>Board/General Counsel</i>	
5		<i>Office of the Board</i>	101,000
6		<i>General Counsel</i>	49,000
7			
8		<i>GENERAL GOVERNMENT</i>	
9	8140	<i>State Public Defender</i>	
10		<i>Capital Appeal Legal Representation</i>	405,000
11	8260	<i>California Arts Council</i>	
12		<i>Administrative Support</i>	24,000
13	8570	<i>Department of Food and Agriculture</i>	
14		<i>Market Commodities, Agriculture Services</i>	237,000
15		<i>General Agriculture Activities</i>	263,000
16	8940	<i>Military Department</i>	
17		<i>Air National Guard</i>	100,000
18		<i>Office of the Adjutant General</i>	700,000
19		<i>Military Support to Civil Authority</i>	100,000
20		<i>Military Retirement</i>	100,000
21		<i>Youth Programs</i>	
22		<i>Headquarters</i>	100,000
23	8950	<i>California Department of Veterans Affairs</i>	
24		<i>Veteran Homes</i>	1,729,000
25		<i>Administrative Support</i>	30,000
26			
27		<i>Total General Fund Reductions.....</i>	167,591,000

28

29 *SEC. 6. Section 24.80 of the Budget Act 2007 is repealed.*

30 ~~Sec. 24.80.—(a) Notwithstanding any other provision of law,~~

31 ~~the Director of Finance is authorized to reimburse four hundred~~

32 ~~nine million dollars (\$409,000,000) in General Fund expenditures~~

33 ~~for the purposes of offsetting the cost of debt service payments~~

34 ~~made in prior fiscal years for public transportation related general~~

35 ~~obligation bond expenditures in the 2007–08 fiscal year from the~~

36 ~~Public Transportation Account. The total reimbursement shall not~~

37 ~~reduce the balance in the Public Transportation Account below a~~

38 ~~prudent reserve as determined by the Director of Finance.~~

39 ~~(b) This reimbursement will result in overall General Fund~~

40 ~~savings. It is not the intent of the Legislature in enacting this~~

1 ~~section to provide additional expenditure authority to state~~
2 ~~programs.~~

3 ~~(e) Funds provided from the Public Transportation Account for~~
4 ~~this purpose are derived from the sales tax on fuels and are~~
5 ~~dedicated to mass transportation purposes pursuant to Section~~
6 ~~99310.5 of the Public Utilities Code. The Legislature hereby finds~~
7 ~~that funding debt service on bonds benefiting public transportation~~
8 ~~is a component of the state's mass transportation program.~~

9 ~~(d) Under the provisions of Article XIX B as amended by~~
10 ~~Proposition 1A in the November 7, 2006, statewide general~~
11 ~~election, funds from sales taxes on fuels that are placed in the~~
12 ~~General Fund must be then allocated to the Transportation~~
13 ~~Investment Fund and distributed in conformance to the provisions~~
14 ~~of Proposition 42 that are applicable to that year. If the provisions~~
15 ~~of Proposition 42 are suspended in the future, Proposition 1A~~
16 ~~provides that any proceeds from sales taxes on fuels that are placed~~
17 ~~in the General Fund must be repaid in three years and limits future~~
18 ~~suspensions. Thus any funds from sales taxes on fuels can no longer~~
19 ~~be retained in the General Fund and thus cannot practically become~~
20 ~~revenues that affect the calculation of the Proposition 98 guarantee.~~

21 ~~(e) Because there were no revenues from the sales tax on fuel~~
22 ~~deposited in the General Fund in the 1986-87 fiscal year, the~~
23 ~~calculation of the first year of funding guaranteed to schools under~~
24 ~~Proposition 98 is not affected by this revenue source.~~

25 ~~(f) The Legislature finds therefore that the operation of this~~
26 ~~section does not reduce the amount of funds allocable to schools~~
27 ~~under Article XVI of the California Constitution.~~

28 *SEC. 7. Section 24.85 is added to the Budget Act, to read:*

29 *SEC. 24.85. (a) Notwithstanding any other provision of law,*
30 *the Director of Finance is authorized to reimburse General Fund*
31 *expenditures for the purpose of offsetting the costs of the*
32 *Home-to-School Transportation program for the 2007-08 fiscal*
33 *year from the Public Transportation Account. A sum not to exceed*
34 *\$409,000,000 from the Public Transportation Account may be*
35 *used to reimburse General Fund expenditures for the*
36 *Home-to-School Transportation program. The total reimbursement*
37 *shall not reduce the balance in the Public Transportation Account*
38 *below a prudent reserve as determined by the Director of Finance.*

39 *(b) It is not the intent of the Legislature in enacting this section*
40 *to provide additional expenditure authority to state programs.*

1 (c) *Funds provided from the Public Transportation Account for*
2 *this purpose are derived from the sales tax on fuels and are*
3 *dedicated to mass transportation purposes pursuant to Section*
4 *99310.5 of the Public Utilities Code. The Legislature hereby finds*
5 *that transporting students to schools is a component of the state's*
6 *mass transportation program.*

7 SEC. 8. *This act addresses a fiscal emergency declared by the*
8 *Governor by proclamation on January 10, 2008, by which the*
9 *Legislature was called in special session pursuant to subdivision*
10 *(f) of Section 10 of Article IV of the California Constitution.*

11 SEC. 9. *This act is an urgency statute necessary for the*
12 *immediate preservation of the public peace, health, or safety within*
13 *the meaning of Article IV of the Constitution and shall go into*
14 *immediate effect. The facts constituting the necessity are:*

15 *In order that necessary reversions, transfers, and adjustments*
16 *by this act to the appropriations in the Budget Act of 2007 for*
17 *support of state government for the 2007–08 fiscal year be made*
18 *as soon as possible to address the fiscal emergency declared by*
19 *the Governor, it is necessary that this act take effect immediately.*

20 ~~SECTION 1.—It is the intent of the Legislature to make statutory~~
21 ~~changes relating to the Budget Act of 2007.~~